

A. SUMMARY OF PRESENT UTAH HOUSING CONDITIONS

Newspapers from across the state continue with banner headlines about Utah's Affordable Housing Crisis:

- "Official: Ogden Could Use 800 Inexpensive Apartments," *Ogden Standard-Examiner*,¹
- "Housing Crisis Worries Utah Group," *Provo Daily Herald*,²
- "Despite Drop in Sales, S.L. Home Prices Rises 10%," *Deseret News*,³
- "Housing Shortage Leaves Some Homeless," *Cache Citizen*,⁴
- "Logan Studies Affordable Housing," *Logan Herald Journal*,⁵
- "Affordable Housing is a Real Need in Moab," *Times Independent*,⁶
- "Park City Passes Ordinance Aimed at Affordable Housing," *Salt Lake Tribune*,⁷
- Daily Spectrum running a story about James Marlo Dodge Jr., who was living in a shed at the Handy Storage Center in St. George, *Daily Spectrum*,⁸
- Notorious housing conditions in Wendover are described by Sister Janet Ackerman of St. Marguerite's Parish: "If you were standing in the kitchen of this home (a blue trailer), you could see the dirt because of holes in the floor."⁹ But the tight rental units has made these and equally uninhabitable units marketable for \$350 a month or more—*Deseret News*,
- "Cedar City Council Will Discuss Lack of Affordable Housing," notes the *Daily Spectrum*,¹⁰ and reports that the city has 88 subsidized rental units and a waiting list of 450.

¹Charles F. Trentelman, "Official: Ogden Could Use 800 Inexpensive Apartments," *Ogden Standard Examiner*, 24 September 1994.

²Sheila Sanchez, "Housing Crisis Worries Utah Group," *Provo Daily Herald*, 29 January 1993.

³Max B. Knudson, business editor, "Despite Drop in Sales, S.L. Home Prices Rise 10%," *Deseret News*, 11 January 1994. Knudson points out that "inventories of homes for sale in Salt Lake County are at their lowest level in 15 years.... This creates a seller's market and should help keep valuations high."

⁴Brad Herron, "Housing Shortage Leaves Some Homeless," *Cache Citizen*, 22 December 1993. The newspaper quotes Dr. Leona Hawks of Utah State University as saying that in the last three years rents increased twenty to thirty percent in Cache County. The average rent in Cache valley is reported to be \$550 a month.

⁵JoLynne J. Lyon, "Logan Studies Affordable Housing," *Logan Herald Journal*, 8 May 1994.

⁶Jan Barnett, "Affordable Housing is a Real Need in Moab," *Times Independent*, 27 January 1994; Barnett recounts the story of two mothers with a total of ten children who had been living in a bus "since early November." Thirty-two families were identified as being homeless in Moab in August, 1993.

⁷T. C. Doyle, "Park City Passes Ordinance Aimed at Affordable Housing," *Salt Lake Tribune*, 19 February 1994. This ordinance allows residents to convert portions of their homes into apartments; it was pushed by the local Coalition of Residential Renters.

⁸Erica C. Wilson, "Man Tries to Beat High Cost of Living," *Daily Spectrum* (St. George), 2 June 1994.

⁹Douglas D. Palmer, "Housing, Rent, Legal Status Are Top Concerns," *Deseret News*, 2 July 1994.

¹⁰Koleen Peterson, "Cedar City Council Will Discuss Lack of Affordable Housing," *Daily Spectrum* (St. George), 6 September 1994.

- "The City Council approved a one-year action plan which lists priorities, goals, an anti-poverty strategy, public housing improvements and initiatives on the way to get the job done," the paper reported a week later—*Daily Spectrum*.¹¹

Tricia Ciaravino of the *Daily Spectrum* in St. George explains that "While it's turning into a boom year for rental owners in St. George, those who are renting find it's becoming harder and harder to make their monthly rent payment. According to local Realtors, some tenants have seen their rent increase by as much as \$100 per month since the first of year."¹² St. George Housing Authority director Brenda Butler is quoted as saying, "the vacancy rate is about zero."

A 1994 study of Salt Lake area rental is very informative:¹³

Through the Roof AVERAGE RENTAL RATES IN THE SALT LAKE VALLEY			
Apartment Size	May 1991	February 1994	Percent Increase
Studio Apartment	\$260	\$333	21.9%
One bedroom	\$314	\$398	21.1%
Two bedrooms/one bath	\$348	\$468	25.6%
Two bedrooms/2 baths	\$415	\$559	25.8%
Three bedrooms	\$490	\$613	20.1%

Quoting U.S. Census Bureau, Apartment Association of Utah

A study of Salt Lake Valley vacancy rates shows that a one-time roller coaster is plunging down and down¹⁴ while rents have increased significantly since 1994.

This housing shortage has generated some vigorous debate, with builders pointing out that zoning restrictions and fees are a significant contributing factor to increasing rents and decreasing vacancies. Tom VanVoorst of the Home Builders Association of Greater Salt Lake has argued that the median price of homes in Salt Lake rose 17.7 from the second quarter of 1993 to the second quarter of 1994, and that trend has continued. VanVoorst warns that "City after city is enacting restrictions on new housing which will only serve to further drive up the cost of housing"¹⁵ and explains "many jurisdictions have pushed through zoning restrictions, such as requirements of large lot sizes, that have resulted in large expensive homes as the only type that can be constructed. This of course, leaves out a large segment of our population that needs housing." VanVoorst's

¹¹Koleen Peterson, "Housing Authority Faces Low-Income Challenge," *Daily Spectrum* (St. George), 14 September 1994.

¹²Tricia Ciaravino, "Rental Rates Keep Rising," *Daily Spectrum* (St. George), 19 March 1994.

¹³Jan Thompson, "Tight Market, High Rents Create Statewide Crisis," *Deseret News*, 15 May 1994.

¹⁴Joel Campbell, "Less for Lease: Affordable Rental Housing in Short Supply," *Deseret News*, 15 May 1994.

¹⁵Tom VanVoorst, "Zoning Restrictions and Fees Threaten Affordable Housing," *Salt Lake Tribune*, 6 November 1994.

conclusion is that "Cities must face the fact that we cannot unreasonably restrict housing production and still expect to preserve the American Dream..." The situation is so critical that a Salt Lake County Commissioner suggested in 1994 that the plans for a \$70 million athletes village to be built at the University of Utah in conjunction with the 2002 Winter Olympics would be better spent renovating downtown warehouses into affordable housing which, after the games, could be turned into affordable housing for low-income residents and revitalize the city.¹⁶

Relative to population, Salt Lake County has the lowest percentage of low-income rental units. "The Housing Outreach Rental Program (HORP) of the Community Action Program reports that the rates its clients must pay for decent housing are: studio \$275-300, one bedroom \$350, two bedroom \$425, three bedroom \$525, and four bedroom \$600. This effectively means that HORP has access mainly to rental for middle-income families, and that low-income rentals are unavailable. The effect of these increases is that formerly low-income rentals are now priced out of reach of low-income tenants."¹⁷ The numbers of families seeking assistance from HORP also suggests that the problem of finding affordable housing in Salt Lake County is worsening: 2,556 families were in a housing crisis and sought help between 1 July 1989 and 30 June 1990; that number had risen to 2,864 between 1 July 1990 and 30 June 1991, and had climbed to 3,118 between 1 July 1991 and 30 June 1992. At the same time, the number of units available dropped while the rents for those units have risen steadily.

¹⁶Lisa Riley Roche and Lois Collins, "Low-Income Housing Urged, Not New Dorms," *Deseret News*, 5 November 1994.

¹⁷Laura Landikusic, *[Salt Lake City] Comprehensive Housing Affordability Strategy* (Salt Lake City: draft October 7, 1992), p. 3.

The Utah Chapter of the National Association of Housing and Redevelopment Officials (NAHRO) publishes housing authority waiting lists, and the numbers grew in the first half of the 1990s with startling rapidity:¹⁸

HOUSING AUTHORITY WAITING LISTS 1991-1995¹⁹

Housing Authority	# Subsidized Units	Wait List 1991	Wait List 1992	Wait List 1993	Wait List 1994	Wait List 1995	
Bear River	150	N/A	205	206	158	150	
Beaver	18	50	4	10	150	80	
Carbon County	423	500	282	305	423	354	
Cedar City	110	N/A		N/A	151		73
112							
Davis County	1,124	1,312	1,488	955		810	1,099
Emery County	92	100	72	64	137	100	
Grand County	96	N/A		N/A	78	185	132
Myton/Roosevelt	26	N/A		139	156		125
141							
Ogden City	1,357	1,000	1,850	1,015	1,023	1,023	
Provo City	1,006	500	420	505		425	592
Salt Lake County	1,894	2,435	2,322	4,346	4,500	8,500	
Salt Lake City	2,248	2,851	6,654	6,364	3,500	6,000	
St. George	181	118	142	101		200	149
Tooele County	246	250	295	489		325	407
Utah County	876	785	709	1,015	115	1,088	
Weber County	157	104	150	250		257	257
West Valley City	492	575	800	424	1,200	1,499	
TOTAL	10,496	10,810	15,533	16,434	13,295	21,683	

The 1993 *Annual Report* shows the average waiting period for various bedroom sizes which can vary from three months to 48, with the five bedroom units the most difficult to find. According to the U.S. Department of Health and Human Services' *Characteristics and Financial Circumstances of AFDC Recipients FY 1990* that in the reporting period October 1989 through September 1990, 22.9 percent of AFDC families in Utah were in public housing and 13.8 percent received a HUD rental subsidy to help them pay their rent.²⁰

In the 1986 Task Force report on Utah homelessness, eight percent of the homeless cited eviction as a cause for their homelessness. This is borne out by the "Chutes and Ladders" survey of gaps and barriers facing homeless persons: during the last two weeks of July 1992, 29 percent of those persons entering homeless

¹⁸[Gene Carly], *Utah Chapter of NAHRO 1991 Annual Report* (March 1991) p. 15; [Gene Carly], *Utah Chapter of NAHRO 1992 Annual Report* (1992) p. 9; [Danielle Benson], *Utah Chapter of NAHRO 1993-1994 Annual Report* (1994) p. 2; [Danielle Benson], *Utah Chapter of NAHRO 1994-1995 Annual Report* (1994), p. 2.

¹⁹[Kathy Ricci], *Utah Chapter of NAHRO 1995-1996 Annual Report* (March 1996), p. 3, doesn't give the waiting lists of all housing authorities but only Bear River, Weber, Ogden, Davis, Salt Lake City, Salt Lake County, West Valley, Provo, and Utah County. We have estimated the waiting lists of the remainder by adding together the previous two years and dividing by two. The numbers for 1998 are similar as those for 1995; apparently the report was not updated carefully after 1996.

²⁰See table 4; I'm grateful to Dr. Shirley Weathers of Utah Issues for drawing this statistic to my attention.

shelters had been forced from their own housing; however, only 15 percent returned to their own housing when they left Utah's homeless shelters. Utah's housing market has tightened considerably in the last several years: Salt Lake City Housing Planner Laura Landikusic reports that Salt Lake Valley vacancy rates have dropped from eight percent in November 1989 to three percent in May 1992, and that "the decrease in rentals available has had a dramatic impact on rental rates. Landlords have made regular increases over the last two years; rentals have increased more than \$100 across all bedroom sizes in this period."²¹ According to the Apartment Association of Utah, there is about a two percent vacancy rate statewide. The *Deseret News* reported in September 1992 that "On a recent Sunday in August, the back pages of the *Deseret News* listed 131 offerings under 'Unfurnished Apartments.' Five years before, to the day, the same column advertised 508 vacancies." The newspaper goes on to explain that "where there were 213 adds under 'Duplexes for Rent' in the Aug. 23, 1987, edition of the newspaper, there were 41 on Aug. 23, 1992. Beneath 'Unfurnished Houses' two weeks ago, 82 announcements. Five years before, 101. 'Furnished Apartments'. Sixty-six in 1987, 28 in 1992."²² These problems are not limited to the Salt Lake area: news reports from around the state talk about the problems of housing availability and affordability; for instance, 77 percent of 246 Orem residents surveyed "recognize [a] housing crunch".²³

We have shown that waiting lists for housing authorities are long. Unfortunately, subsidized housing units from the federal government has not significantly increased over the last decade: there were 10,059 HUD-assisted housing units in 1984, but that dropped to 9,986 by 1994, and with vigorous efforts by Utah's most aggressive housing authorities, rose to 12,768 by early 1998.²⁴

According to Jim Davis, director of housing and economic development for Salt Lake City, these low wages are directly linked to homelessness: he reported that for someone making the minimum wage of \$8,840 a year, only subsidized housing is affordable. "If there's not enough of it to go around, homeless shelters become the alternative." Davis went on to say that "sixty percent of the people in those shelters have a minimum-wage job and could afford \$150 or \$200 a month for housing, but they can't find it."²⁵

In fact, during 1994 Utah's cost of living outpaced the United States as a whole, with housing costs escalating by 4.2 percent in the month of September 1994. "The big jump in costs locally was led by housing," noted the *Ogden Standard Examiner*, and quoted First Security Bank's chief economist

²¹Laura Landikusic, [*Salt Lake City*] *Comprehensive Housing Affordability Strategy* (Salt Lake City: draft October 7, 1992), p. 3.

²²Karl Cates, "Wasatch Front Caught in a Housing Crunch," *Deseret News*, 13 September 13 1992, p. A-1.

²³Tom Hayes, "City Studies Housing Crunch," *Logan Herald-Journal*, 14 September 1992, pp. 1-2; "Housing Crisis for Low-Income Families has [Not] Missed Davis Co.," *Davis County Clipper*, 18 September 1992; Eric Kohler, "Low-Income Housing Scarce in Cache," *Cache Citizen*, 7 October 1992; Ken Davey, "Moab May Become Prototype for Affording [sic] Housing Project," *Times Independent*, 8 October 1992; Michael Karam and Ken Meyers, "Orem Residents Oppose Multi-Unit Housing," *Daily Universe*, 24 September 1992.

²⁴Utah Chapter, National Association of Housing and Redevelopment Officials (NAHRO), *1997-1998 Annual Report* (1998), p. 3.

²⁵Karl Cates, "Wasatch Front Caught in a Housing Crunch," *Deseret News* (Sunday, September 13, 1992), p. A-1; the first sentence quoted is from the newspaper; the second is from Jim Davis. Our studies do not support the assertion that sixty percent of homeless persons in shelters are working; perhaps this refers to the percentage of single individuals in selected homeless shelters in Salt Lake City.

Kelly Matthews as saying, "I know that housing costs are continuing to rise—our local costs are 8.6 percent higher than this time last year—but this big gulp in one month must be an aberration. Nothing like this has happened before."²⁶ The paper goes on to explain that "Since 1988, housing costs have soared 56 percent, higher than any other spending category."

An irony of Utah's strong economic and tough housing market has been the increasing construction of governmentally-assisted housing which, by nature of management restrictions used through a so-called "minimum income" standard, prevents lower income families from occupying units assisted with state and federal dollars. Minimum income means an apartment owner screens out very low-income people by refusing to rent to those persons whose income does not exceed the rent by fixed ratios, usually insisting to be eligible to be a renter the persons income must be twice or three-times the required rent. A report by JEDI Women found that in 23 apartment complexes representing 1,134 housing units with federal assistance, 52 percent had a minimum income requirement. Twenty-five percent of these complexes required income that was twice the rent, the other seventy-five percent of the complexes required income that was three times the rent. These standards effectively bar persons on fixed incomes and many people earning minimum wage from renting these units.²⁷

This has created controversy, with headlines in the *Deseret News* ("Minimum-Income Rule Protested"²⁸), the *Salt Lake Tribune* ("Low-Income Renters Decry Minimum-Salary Clause"²⁹), and the *Provo Daily Herald* ("Minimum-Income Requirements Opposed by City's JEDI Women"³⁰). In the fall of 1994 the *Salt Lake Tribune* editorialized that "If a tenant has a record of paying the rent on time, even if it represents more than half of his or her monthly income, that is a better barometer of likelihood to pay than a minimum-income requirement. More importantly, it judges the applicant on merit."³¹

Proponents of minimum income restrictions make a number of arguments, including that this reflects the Housing and Urban Development (HUD) standard that no more than one-third of a family's income go toward their housing costs, that minimum income standards are required by banks, and that this practice reflects national standards. However, in a taped conversation with a leading low-income housing tax credit expert, Richard Goldstein of Peabody and Brown, said that while he recognized that tenants had to make enough money to pay the rent—and "they may be paying forty or fifty percent of their own income"—he had "never heard of" the standard being used in Utah.³²

²⁶"Utah Cost of Living Outpaces U.S.; Housing Prices Up 4.2 percent in September," *Ogden Standard Examiner*, 17 October 1994.

²⁷Jedi Women, "*You Don't Make Enough to Live Here*" (JEDI Women, June 1994), 6 pages.

²⁸"Minimum-Income Rule Protested," *Deseret News*, November 14, 1994; also see Karl Cates, "Housing Projects Frustrate Activists," *Deseret News*, June 24, 1994.

²⁹Jay Baltezure, "Low-Income Renters Decry Minimum-Salary Clause," *Salt Lake Tribune*, June 24, 1994; also see Patty Henetz, "JEDI Women Fight for Fair Housing," *Salt Lake Tribune*, November 8, 1994.

³⁰November 8, 1994.

³¹*Salt Lake Tribune*, November 21, 1994, editorial.

³²Transcript of a recorded conversation between Richard S. Goldstein and M. Jackie Bolton at a Low-income Housing Tax Credit Workshop in Beverly Hills, California, in November 1994.